

Why Flex Work Is Not a Stretch

- By Ed Frauenheim

Despite blows to flexible work at Yahoo Inc. and Best Buy Co., the practice is alive and well at medical device-maker Medtronic Inc.

About 150 of the roughly 1,000 employees at Medtronic's operations in Santa Rosa, California, have been designated home-office workers. Those employees generally come into the office just once or twice a week. Many telecommute from San Francisco, which is about an hour to the south. The 3-year-old program saves Medtronic some \$1.2 million a year in leased office space, boosts productivity and improves the company's ability to attract top job candidates, says Victor Assad, the company's senior human resources director.

The company has no intention of rolling back its flex-work effort, even though earlier this year Yahoo CEO Marissa Mayer curtailed telecommuting and Best Buy quit its pioneering program to let employees pick their hours and when they would come to the office. Assad says Medtronic has taken pains to prevent common problems associated with teleworking, such as bosses' fears that they will lose control over their direct reports. If anything, the program has improved the way some supervisors manage their people, Assad says, because the company urged leaders to make home-office employees' goals crystal clear.

"With flex work, you need to be more purposeful in setting objectives and milestones," Assad says. "Some managers have come up to us and said, 'This has helped me be more intentional.' "

Medtronic isn't alone in championing flexible work arrangements. Although such practices have come under scrutiny of late, there's little evidence flexibility is faltering overall. If anything, a mend-don't-end shift is underway.

During the past 15 years or so, some firms pushed virtual teams to an extreme, losing sight of the benefits of face-to-face collaboration. Companies also have paid scant attention to the training that may be needed for employees and managers to succeed with flex work, and firms are rethinking overly broad initiatives that ignored which job roles are right for telecommuting. But businesses generally realize that workplace flexibility is a key to attracting, retaining and engaging talent, that employee mobility is here to stay and that well-designed, dispersed teams can be highly productive.

"What Best Buy and Yahoo have shown is we aren't doing this very well," says author and workplace consultant Cali Williams Yost. But, she says, "The flexibility horse has left the barn."

Sector Stats

77% Percentage of surveyed companies that allow telecommuting.

60% Percentage of surveyed executives who believe telecommuting can limit career-growth opportunities.

Source: Korn/Ferry International

Origins, Downfall of Flex Work

Flexible work generally refers to arrangements in which employees have options regarding when and where they do their jobs. The term includes reduced-hour schedules and telecommuting, where workers connect to their employers and the rest of the business world from home offices or cafés. Flexible work began to take off with the widespread adoption of the Internet in the late 1990s. The emergence of nearly ubiquitous wireless connectivity and a generation of smartphones and tablet computers bolstered the trend.

Organizations also began to ask more of employees outside of regular work hours, thanks in part to increasingly global operations and more competition. Heightened demands on workers' time fueled workers' interest in programs and policies that gave them a measure of control of their schedules—flex work became a primary means for people to achieve a "work-life balance." Parents in particular have treasured flexible arrangements so that they can manage busy family schedules even as they pursue careers.

Overall, academic studies suggest that job flexibility helps companies and workers. But research also indicates companies haven't bent over backward for all their workers: One 2011 report said that 78 percent of companies offer reduced workload flexibility to at least 1 percent of employees, but just 16 percent offer reduced workload flexibility to at least 51 percent of employees. Among the jobs most closely associated with telecommuting and other flexible options are technology occupations and other "knowledge work"—where employees might just need a computer and an Internet connection to do their jobs.

That's why it was a shock when Yahoo's new CEO pulled the plug on working from home at the Internet giant. Mayer's decision to do so earlier this year prompted much discussion, partly because she became a new mother at about the same time she was shutting down a program valued by advocates of women in the workplace. Commentary about Mayer's move also suggested that Yahoo employees working at home were not working very hard, and that Mayer needed to shake things up amid stiff competition from the likes of Google Inc. and Facebook Inc.

A Yahoo spokeswoman told Workforce that the company doesn't discuss internal matters, but she said the move was not meant to be a sweeping condemnation of flexible work. "This is about what is right for Yahoo, right now," the spokeswoman said.

A similar story unfolded at Best Buy. For close to a decade, the electronics retailer conducted one of the most radical experiments in alternative work arrangements. Its Results-Only Work Environment, or ROWE, allowed employees at its corporate headquarters in Minneapolis to set their hours and place of work as long as they accomplished their job goals. But soon after Yahoo cut back on telecommuting, Best Buy's CEO announced the end of ROWE.

Best Buy spokesman Jon Sandler says the program had devolved to the point where managers had a hard time working with their direct reports. "It became a right, not a privilege," he says.

In addition, Sandler says, "We didn't end flexibility; you just have to ask your manager."

These explanations rankle Jody Thompson, who co-developed the ROWE program at Best Buy and later co-founded CultureRx, a consulting firm that promotes the ROWE approach. Thompson hasn't worked directly with Best Buy since 2007, and says turnover among the company's executive ranks led to less support for the results-first philosophy. She says focusing on the term "flexibility" is misguided, because that means concentrating on workers' schedules rather than their achievements.

"We're talking about the wrong thing," Thompson says. Demanding face time from employees is typically a sign that supervisors are unable to lead effectively, she argues. "They don't know how to manage performance, so they manage people's time."

Ravin Jesuthasan, global practice leader at consulting firm Towers Watson & Co., makes a similar point. For telecommuting and other flexible work programs to work, managers must be prepared to have hard conversations with their direct reports. But companies often have simply written work-at-home rules without training their supervisors properly. "It's much easier to push a policy than to enable and equip managers to make better decisions about talent," he says.

Jesuthasan also says there are some jobs where telecommuting or virtual arrangements aren't optimal. Innovation-related work tends to happen best with plenty of face-to-face encounters, he says. Yahoo's Mayer said as much in an April speech. "People are more productive when they're alone," she said, according to Fortune. "But they're more collaborative and innovative when they're together. Some of the best ideas come from pulling two different ideas together."

It's a point borne out by hotbeds of creativity such as animation studio Pixar, where Steve Jobs deliberately designed the headquarters to foster impromptu encounters among employees. Increasingly, companies are coming to see the limits of virtual

teamwork. It's one of the factors behind a nascent movement to "reshore" more jobs in America rather than send as much work as possible to lower-wage nations.

To Jesuthasan, the Yahoo and Best Buy moves are prompting healthy reflection on virtual work. "We went headlong into it in a one-size-fits-all way," he says. "We're learning that one size does not fit all."

One problem with flexible work programs is that they've been framed as an employment benefit, meaning everyone should be covered, Yost says. The better approach, she says, is for flexibility to be woven together with business aims. These could be saving money on office space, making the business more resilient in the faces of natural disasters or attracting talent more effectively. Even then, flexibility efforts generally require education for both managers and employees, Yost says. And this means more than simple time management, she says. For flex work to work well, employees must continually reflect on professional and life priorities and communicate effectively with managers and peers, she says.

"It falls apart because the individual employees don't necessarily know how to handle it themselves," Yost says. "It's the modern skill set we all need but no one has."

CUTTING COSTS

Research Backs Benefits of Flex Work for Workers—and Companies

To read how scholarly research points to the benefits of offering flexible-working environments, please [click here](#).

Medtronic took much of this emerging wisdom into account when it set up its flexible work program at the Santa Rosa offices. Among the factors behind the initiative was a desire to cut real estate costs at the operations, which focus on products including stents and a technique for lowering high blood pressure called "renal denervation." Another goal was to make the company more attractive to young professionals who may want to live in the more cosmopolitan city of San Francisco, Assad says.

Even so, Medtronic took pains to figure out which of its Santa Rosa-based jobs made sense for telecommuting. For example, it required its research-and-development staff to continue reporting to the office. Employees with a high degree of face-to-face interactions also were ruled out. "We allow people to work from home if most of their work is done through the computer," Assad says.

The home-office program is voluntary, and the company also provided guidelines to smooth the transition to telecommuting. Among these was reiterating to managers the importance of setting explicit performance targets and supervising to those goals. Another was promoting a set of "operating norms," Assad says. These included responding to instant messages within an hour and to emails by the end of the day.

Medtronic also suggested a daily greeting by home-office employees when they first log on to their computers. "Have that conversation like you'd have it in the office," Assad says. "Particularly at the beginning; that sort of broke the ice."

The flexibility program works well for Mercy Tolve. A senior marketing manager for Medtronic, Tolve works most days out of her San Francisco home. "If anything, I'm more productive at home," she says. Tolve also appreciates the way the flexibility arrangement allows her to avoid two hours a day of commute time and to consistently be on time to pick up her 16-month-old daughter from day care.

Assad says the program involved investing about \$800,000 in facility upgrades. Medtronic created "flex rooms" that can serve as conference rooms or spaces for home-office workers to touch down when in Santa Rosa. Still, by assigning 15 percent of employees to home offices, the company was able to cut the number of buildings it leased to six from seven. "This program paid for itself in six weeks," he says.

More Flexible Firms

Medtronic is one of many companies committed as ever to flexible work.

Another is accounting and professional services firm Ernst & Young, which depends on employees working hours that can be long and unusual. Travel is common, as are virtual, global teams requiring early morning or evening phone calls. Making it easy for employees to take an afternoon off to see a school play or handle a cable installation appointment shows that flexibility is a two-way street, says Maryella Gockel, flexibility strategy leader for the Americas at Ernst & Young.

Providing employees with options about their hours and their work location is part of an employment deal the company seeks to strike with employees to create positive, lifelong relationships—such that even if they leave the company they will feel good about doing business with Ernst & Young. "We want them to think fondly of Ernst & Young and think of Ernst & Young as a great place to work," Gockel says.

It's a similar story at consulting firm Accenture. Employees don't have to formally apply to telecommute or work reduced hours, says Ellyn Shook, senior managing director for human resources at the company. Instead, employees know they can make such arrangements informally with their managers. And despite the consulting industry's reputation for demanding schedules, it is common for Accenture employees—both women and men—to set up reduced hours and workloads, Shook says.

As Shook sees it, the future of flexibility is about open-mindedness on the part of leaders. If they want to attract the best talent, executives must see that priorities around work and life will shift for people. "What people need to be successful and how they define success changes over time," she says.

If Shook and others are right, the Yahoo and Best Buy moves of 2013 may go down as the death rattle of rigid work arrangements. Thompson of CultureRx says the flexibility news this year has served to put questions about work settings, schedules and productivity front and center. "It raised up the conversation," she says. "I'm very hopeful."

The Bottom Lines

- Decisions to curtail workplace flexibility at Yahoo and Best Buy have raised questions about alternative work arrangements.
- A mend-it, don't-end-it shift is underway.
- Companies realize that workplace flexibility is vital to engaging talent, and that well-designed, dispersed teams can be highly productive.

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